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**First Friday
Lunch and Learn**

4th December
12noon - 1pm

[Click here to register.](#)



Congratulations to Tangram – now owned by its employees!

Edinburgh-based Tangram was founded in the early 1990s. Julian Darwell-Stone joined the firm in 1998, becoming sole owner and managing director in 2003. Julian wanted to plan for his eventual exit by considering succession options in good time, therefore allowing for a smooth transition. He wanted a solution that would ensure the job security of the long-serving team and reward them for their hard work and loyalty. Whilst other options were considered, employee ownership was suggested by Scottish Enterprise, who put Julian in touch with Co-operative Development Scotland (CDS). After review, it quickly became apparent that employee ownership was the route that ticked all the boxes.

The company, which operates from a showroom and office in Edinburgh city centre, specialises in the premium end of the market and works with clients, designers and architects to specify and supply contemporary furniture, lighting, blinds and rugs. Its wide variety of projects includes work for both private individuals and commercial sites such as restaurants, offices and museums.

Commenting, Julian said: "When I started to think about the future of the business and my eventual retirement, I knew I didn't want to simply shut up shop and end something I've worked extremely hard to build. I also knew I had a long-serving and incredibly loyal team and I wanted the business to continue in its current form for them. I didn't want to sell to a third party and see the business absorbed into

another organisation with different values or a strategy that might not match ours.

“We have developed a very successful business together and have created a strong team ethic, so it was important to me to give the company, the jobs and the brand the best chance of continued independent existence following my exit. Employee ownership is the perfect fit for us.”

An Employee Ownership Trust has been formed and holds 100% of the shares on behalf of the employees. Julian will remain in the business on a part time basis and Sarah Ramsay



will become managing director.

Julian continued: “The staff are very excited about the transition. It’s been a very positive experience and they’ve been really keen to take the reins with lots of plans for the future. Moving into employee ownership

gives the opportunity for continued job security for all staff and enables them to have collective control of their future.

“Although we were initially affected by the COVID-19 pandemic, business has improved significantly since then. We’ve actually enjoyed a very successful period

over the past couple of months, so much so that we’ve recently appointed someone new to the team who confirmed he accepted the role partly due to our impending employee ownership status. I am confident I am leaving the staff with a good business with further potential for growth.”



Meet Maeve

Last month we welcomed Maeve Wright to Ownership Associates on a part-time secondment.

Maeve recently qualified as a solicitor and advises on all aspects of Corporate law. As the popularity of employee ownership continues to grow, Maeve is keen to learn more about the needs of businesses going through the employee ownership journey and

Maeve will be working closely with Carole Leslie, helping to develop resources for Ownership Associates and providing insight and advice from a legal perspective. Maeve will also be contributing to the Ownership Matters newsletter and blog.

OAK News

A good few new faces in this issue – and some not so new! Congratulations to Chris at Harvey Maps and Ian at Mediascape who have both been successful in being appointed as Trustees for their respective EOTs. In our initial discussions with business owners considering employee ownership, there is sometimes a bit of nervousness around elected positions. I can honestly say employees will generally elect good people who will serve them well and Ian and Chris are excellent choices. Congratulations! On the topic of Trustees, I'm running a short training course on Friday 13th November 9.30am - 11.30am via Zoom and could squeeze in a few more if any interest. Just get in touch or see more info [here](#).



And of new faces, I'm delighted to introduce Maeve to the OAK team, even if it's only on a temporary basis. It wasn't that long ago we couldn't get lawyers and accountants interested in employee ownership. Now we have rising stars of the legal profession actively deciding they want to find out what it's all about! Brilliant!

The increasing interest from the adviser community was evidenced by the great attendance we've been having at the CDS webinars aimed at CPD for lawyers, accountants and bankers. We're lucky in Scotland that we have a growing number of legal and accountancy firms that have developed expertise in EOTs and how they work. These advisers are introducing me to a number of business owners interested in exploring employee ownership models with an EOT are exempt from income tax. Qualifying bonus payments are therefore not treated as earnings for the purpose of Universal Credit and will not affect the entitlement to benefits. You can read more about this [here](#).

Of course, other UK firms are doing their bit and Field Fisher, who have been the trail blazing firm when it comes to all things in the employee ownership world, secured a landmark confirmation from HMRC regarding the EOT bonus, recently. There had been some confusion over the impact any EOT bonus might have on employees who claim Universal Credit. Usually, paying bonuses can have a negative effect on some employees, if it takes them over the threshold to be eligible for certain benefits. Tamsin Nicholds of the Field Fisher Corporate Team established that qualifying bonus payments made by companies controlled by an EOT are exempt from income tax. Qualifying bonus payments are therefore not treated as earnings for the purpose of Universal Credit and will not affect the entitlement to benefits. You can read more about this [here](#).

First Friday sessions are proving popular and November's produced the idea of an employee owners Christmas Party. Open invitation to join us for an after work drink at 6pm on 11th December. Christmas jumpers optional! [Sign up here](#).

Keep safe everyone!

- Carole





Structuring the EOT

One of the key decisions the company makes is whether to opt for a Corporate Trustee, or to go with individual Trustees.

Maeve Wright explores:

Employee Ownership Trusts: Choosing a Trustee

Appointing a trustee to manage an Employee Ownership Trust (EOT) is an essential decision and should be considered carefully. A question often posed is whether it is best to appoint an individual trustee or a corporate trustee.

In practice, the people chosen to manage the trust will be the same. The choice is whether they will act as trustee or as a director of a trustee company. Both options are considered below.

The role of a trustee

The role of a trustee is to hold and manage assets for the benefit of one or more beneficiaries.

The beneficiaries of an EOT are the employees of the company. The EOT sits independently to the company and can have one or more

trustees. The trustee(s) of an EOT will hold shares in the company for the benefit of the employees and must act in the best interests of the employees as a whole.

Appointing an individual trustee

Appointing individual trustees is often seen as the most straightforward option. Usually, three individual trustees are appointed to manage an EOT (i.e. a founder trustee, an employee trustee and an independent trustee) and decisions will be made collectively.

The main advantages of appointing individual trustees are:

- there is no need to incorporate a company which can keep costs down;
- the EOT can be simpler to manage as the trustees will not be required to understand and adhere to the corporate law requirements that go along with running a company; and
- having fewer procedural issues to deal with means that the appointed individuals can focus on their role as trustee.

(Continued)

There are, however, some important points to consider:

- a minimum number of trustees will be required to make decisions which means that if an individual trustee decides to stop acting or dies, a new trustee must be appointed in their place as soon as possible;
- if an individual trustee is absent, trustee decisions can be difficult to manage if, for example, the trust deed stipulates that decisions must be made unanimously; and
- trustees are held to certain standards by law and although the trust deed will provide certain protections for trustees, individuals must ensure that they act fairly and properly so as not to incur liability.

Appointing a corporate trustee

A company can be appointed to act as a trustee instead of an individual or individual(s). If appointing a corporate trustee, it is advisable to set up a new company to act in this capacity, rather than using an existing company, so that the sole purpose of the company is acting as trustee and there are no other activities undertaken which may affect the company.

Individuals will be selected as directors of the trustee company. It is the directors who control the trustee company and consequently control the EOT.

Appointing a corporate trustee has many benefits, for example:

- succession and passing on control of the trust in the event of death or a trustee withdrawing from acting is much simpler as a company cannot 'die' and the company will continue to act as trustee even if something happens to one of its director;
- if there are any legal issues with the management of the trust, there is limited liability for individuals as the company is a separate legal entity; and
- if the business is looking for funding in the future, banks/lenders are often more comfortable with corporate trustees in comparison to individual trustees.

There are, however, some disadvantages:

- there are additional set-up costs when incorporating a new company; and
- appointing a corporate trustee involves additional ongoing administrative requirements as the directors of the trustee company must ensure that they comply with statutory filing requirements.

Is it best to appoint individual trustees or a corporate trustee?

There is no right or wrong answer. Appointing an individual trustee or trustees is more straightforward, however, choosing a corporate trustee can offer greater continuity. It is important to discuss both options with your advisers.

Winning night for Scottish architects at Scottish Design Awards



Congratulations to Page\ Building Category, and Park on being awarded also a commendation for the 2020 Architecture the NGHAs Offices in the Grand Prix Prize for Commercial category. the stunning Leeds Collective Architecture Playhouse. Page\Park also picked up the Award for walked away with three Affordable Housing for other awards winning in the their Bell Street Stables Building Reuse category project. Anderson Bell for Edinburgh Printmakers Christie received a and for Woodside Health commendation for their Centre in the Health work on Greendykes.

New Trustees Elected

The Trustee role is pivotal in the employee-owned organisation. It's the Trustees who look after the ownership of the company, making sure the employees' interests are at the core of the operation. Effectively, the trustees are the stewards of the company, making sure that the company exists for the long term. By electing colleagues to this important role, employee owners can be confident that the employee voice is heard at the highest level in the business.



Ian Callan
Mediascape



Chris Beacock
Harvey Maps

that the pandemic has thrown up. However, I am confident that we will continue to pull together and that we will grow stronger as a result." It was a different story in Doune where Christopher Beacock obviously did such a good job first time around, he was elected unopposed when he

stood for the second time for the trustee role at Harvey Maps. Chris says, "I am very pleased to be appointed for a second term as employee trustee at Harvey Maps. At a small business like ours engagement in the EOT is important and this is an opportunity to play a part."

Happy EO Birthday to Exmos!



exmos

It's been an odd year for most companies but it's been a particularly strange one for companies who transferred to employee ownership. IT firm Exmos in Grangemouth are celebrating their first anniversary of employee ownership, having made the change in November 2019. Let's hope things are more normal for your 2nd EO birthday celebrations!

Time Management Tips - Yvonne Webb

The most common excuse I hear from businesspeople when it comes to working on activities which will drive their business forward. Worse yet many of them believe it too!

168. That's the number of hours in a week. That is what we all have. So why do some people seem to achieve more than others? We work with lots of businesses and this is regularly the thing holding people back. People often are so caught up in the day to day of 'doing' that they stop being objective about how they organise

their time. Giving it some focus and applying some techniques is often just enough to shine a light on where they are losing time.

For some businesses we ask them to do a time log (sounds tedious doesn't it – but I promise you a few days of doing this can bring some startling revelations!) I have had clients realising they've been spending 25 hours a week watching a series on Netflix, and others realising they are spending 2+hours a day on social media and apps!

When working with clients, I introduce a default diary – a bit like a school timetable. At school we didn't get to the end of the week and think 'oh, I've not done maths', or 'I've not had time to do science'. No. We got through all the activities, even those we didn't much prefer. We work with business owners or teams to split key activities split into chunks. Finance, Sales & Marketing, Operations and Team are often the buckets we start with. We introduce a meeting rhythm of individual

121's (these need to be consistent in content as well as regular), monthly team meetings, KPI's dashboards, strategic planning days, 90-day planning etc. Having a consistent rhythm and flow to you day, week, month, year is so helpful in realising time. It's creating the habit that releases time in your diary.

So the next time you hear yourself say 'I haven't had the time' try flipping it to 'I haven't made the time', and see how that helps you!



COMPLIMENTARY COACHING SESSION



Yvonne Webb

Yvonne is a successful, experienced Business Coach keen to help leaders in employee-owned businesses deliver real value to the employee owners. Yvonne spent 25 years in FMCG companies, namely Coca Cola and Cadbury, where she worked in senior roles with customers such as Tesco, Asda and Amazon, latterly heading up Grocery e-Commerce for Cadbury.

Yvonne now works across Scotland and beyond with businesses who have ambition to fulfil their potential. Yvonne will quickly get alongside your business, work with you to get clear on where you want to go, then support and challenge you on getting there. You may need support with Strategic planning, margins, marketing or it may be the people aspect of your business needs development or presents a challenge.

Yvonne is passionate about supporting people and businesses to be their best. In the current climate Yvonne is offering our readers a **free coaching session** – so if you have something in particular you want support with – or if you have never experienced coaching – and wonder if it might be of interest to your business, then get in touch!

✉ yvonnewebb@actioncoach.com
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*"You don't build a business. You build people, and people build the business."
-Zig Ziglar*

Retiral at Woollard & Henry

It was the end of an era and being vocal about Fiona plans to spend her recently when Fiona the significance the time with her gorgeous McKibbin retired from company's employee Westie, Harvey, and Woollard & Henry after ownership has been spending time with family. 17 years. The Aberdeen to its success. Fiona The Woollard & Henry firm is one of Scotland's was a keystone of that team are sad to see Fiona iconic employee- success, keeping the go and we join them in owned businesses, admin function running wishing her a long and d e m o n s t r a t i n g smoothly and serving as happy retirement. continuous growth a Trustee for many years.



EO First Friday Chats



At the beginning of particularly the mismatch lockdown we came in expectations that up with the idea of sometimes exist. We also running virtual monthly talked about the need get-togethers to keep for reference material so employee owned that everyone is clear on companies in touch what the positions are and share ideas and and the attendant roles experiences. Friday and responsibilities. 6th November was the For example, some fourth event and gosh – companies refer to their what a great exchange elected employees who of ideas. We are going to sit on the Company Board as non-executive directors, which can be

This month's event confusing when there covered a wide range are also external non- of topics. We talked executive directors. about the challenges of There was also a lively elected positions, and conversation about

engagement, and who "owns" engagement within a business. It was felt that very often the elected employees were expected to fulfil that role, yet don't have the resources or authority to do that.

It was recognised that the current constraints make any engagement activity challenging although some companies were doing some very positive things to embed their ownership culture.

We also talked about the possibility of building a platform where employee-owned firms could help and support each other, with one attendee immediately volunteering to share their EO experience with a company newly into employee ownership. Partnership working at its best!

Next First Friday is Friday 4th December and you can [register here](#). Very informal. Drop in for 10 minutes to say hello or stay for the whole hour.

First Friday Lunch and Learn

4th December
12noon - 1pm

[Click here to register.](#)

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let's make it happen